



## Economic and Revenue Forecast Council

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### FOR IMMEDIATE RELEASE

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### Higher collections likely due to timing

**Olympia, 11 DEC 2012 – Major General Fund-State revenue collections for the November 11 – December 10, 2012 collection period were \$72.7 million (4.3%) higher than the November forecast. Revenue Act collections were \$39.4 million (4.4%) higher than forecasted and other revenue was \$33.4 million (4.1%) higher.**

The high year-over-year growth rate of Revenue Act collections indicate that this month's positive variance was probably due to changes in tax payment patterns rather than a sudden increase in economic activity. Because of this, it is likely that next month's collections will fall short of the forecast, but the cumulative variance may still remain positive. A significant portion of the positive variance in non-Revenue Act collections was also due to the timing of payments, which will result in reduced payments in the future. The \$20 million positive variance in real estate excise tax collections, however, should remain firm in future reports.

The Washington economy added 9,500 jobs in September and October which translates into a 2.0% annual rate of growth. The state's unemployment rate declined from 8.6% in August to 8.5% in September and 8.2% in October.

Washington housing construction continues to strengthen. Total housing units authorized by building permits edged up to 28,400 units (SAAR) in the third quarter, up slightly from 28,100 in the second quarter.

The impact of Hurricane Sandy is likely to be responsible for at least some of the changes in U.S. economic data being reported for October and December.

Concerns about going over the "fiscal cliff" have increased; 49% of adults surveyed between November 28th and December 2nd believed the fiscal cliff would not be avoided. There is concern among some economists that even a temporary delay in addressing the fiscal cliff could lead to declines in stock prices and consumer confidence; the Congressional Budget Office estimates that full imposition of the fiscal cliff budget cuts and tax increases would lead to a recession in 2013.

Please see our full report for more information. You can access this report at:

<http://www.erfc.wa.gov/publications/documents/dec12.pdf>

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The ERFC was established under RCW 82.33 to provide the Governor and the Legislature with independent, bi-partisan, and professional forecasts of the state economy and revenues.